

**St. Tammany Parish Fire Protection District No. 4
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/22/07

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SILVA & ASSOCIATES, LLC

Certified Public Accountants

Craig A. Silva, CPA
Brent A. Silva, CPA
Tom A. Gurtner, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 4
Mandeville, Louisiana

We have audited the accompanying financial statements of the St. Tammany Parish Fire Protection District No. 4 as of December 31, 2006 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Fire Protection District No. 4 as of December 31, 2006, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2007 on our consideration of St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basis financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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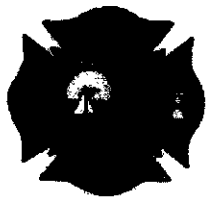
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Our audit was made for the purpose of forming an opinion on the basic financial statements of the St. Tammany Parish Fire Protection District No. 4 taken as a whole. The accompanying schedule of compensation paid to board of commissioners is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Silva & Associates, LLC

June 15, 2007



FIRE PROTECTION DISTRICT NO. 4

ST. TAMMANY PARISH

709 GIROD STREET

MANDEVILLE, LOUISIANA 70448

Phone: (985) 626-8671

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MERRICK TASSIN

Fire Chief

WILLIAM ESQUINANCE

Operations Chief

Commissioners:

THOMAS W. DRUEN

Chairman

WILLIAM H. DOBSON, JR.

Vice-Chairman

MARIE TAYLOR

Secretary/Treasurer

DAVID WALKER

C. T. WILLIAMS JR.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) is a required element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions or conditions.

The basic financial statements include government-wide and government fund statements. The government-wide Statement of Net Assets and Statement of Activities present information for all the activities of the Fire District's office, from an economic resources measurement, focus using the accrual basis of accounting. Primarily for our office the difference between these statements and Governmental Funds statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the Governmental funds statements. The government-wide statements also include provisions for compensated absences and capital lease obligations to be paid future years. The Balance Sheet – Governmental Funds details the assets and liabilities of the governmental funds while the Reconciliation of the Government Fund Balance Sheet to the Statement of Net Assets reflects the differences from the amounts reported in the Statement of Net Assets. The Statement of Revenues, Expenditures and Changes in Fund Balance reflects the current year receipt and disbursement of funds and the Reconciliation Statement reports the differences in the changes in fund balance to the change in net assets of the Government activities. The differences between the adopted budget and the actual activities are reflected in the Budgetary Comparison Schedule – General Fund.

The District has been determined to be a component unit of St. Tammany Parish. The accompanying financial statements only present information in the funds maintained by the District.

The District's combined net assets as of December 31, 2006, were:

Invested in capital assets, net of related debt	\$ 3,430,159
Unrestricted assets	10,090,567

Total Net Assets for 2006	\$13,520,726
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The District's combined net assets as of December 31, 2005 were:

Invested in capital assets	\$ 2,913,643
Unrestricted assets	8,434,398
 Total Net Assets for 2005	 \$11,337,985

There was an increase in net assets from the prior year of about 19%. The investment in capital assets went up by 18% while the unrestricted assets increased by 20%.

FINANCIAL HIGHLIGHTS

A summary of the basic government-wide financial statements is as follows:

SUMMARY OF STATEMENT OF NET ASSETS

	2006	2005
ASSETS:		
Other assets	\$ 12,849,004	\$ 9,815,770
Capital assets, net of Accumulated depreciation	3,435,396	2,913,643
Total assets	\$ 16,284,400	\$ 12,729,413
 LIABILITIES:		
Other liabilities	\$ 686,878	\$ 1,006,890
Non-Current Liabilities	1,820,571	179,863
Compensated Absences current	256,225	204,675
Total liabilities	\$ 2,763,674	\$ 1,391,428
 NET ASSETS:		
Invested in capital assets	\$ 3,430,159	\$ 2,903,587
Unrestricted assets	10,090,567	8,434,398
Total Net Assets	\$ 13,520,726	\$ 11,337,985

SUMMARY OF STATEMENT OF ACTIVITIES

General Revenues:

Ad valorem taxes	\$ 8,278,018	\$ 7,755,373
Intergovernmental revenues:		
State revenue sharing	262,589	216,525
Fire insurance tax	146,636	120,955
Interest income	262,733	111,547
Other	50,323	835,713
Total general revenues	\$9,000,299	\$ 9,039,113

Expenses and Program Revenues:

Public Safety fire protection	\$ 5,663,165	\$ 7,262,351
Emergency medical services	1,815,968	351,807
Charges for services	608,694	527,286
Operating Grants	52,881	125,093

Total Expenses	\$ 6,817,558	\$ 6,961,779
Changes in net assets:	2,182,741	2,077,334
Net assets – beginning of year	\$11,337,985	\$ 9,260,651
Net assets – end of year	\$13,520,726	\$11,337,985

The receivable for Ad valorem taxes is the net of an allowance at December 31, 2006 of \$433,106. The allowance is set up at 5% of the total Ad valorem allocated to the St. Tammany Parish Fire Protection District No. 4 per the rolls of St. Tammany Parish and is expected to be collected. At December 31, 2005, the receivable for Ad valorem taxes is the net of an allowance of \$446,575. Therefore, there was a decrease of \$13,469 or 3%

The emergency medical service is net of an allowance at December 31, 2006 of \$403,915. The allowance has been setup at 59% of the outstanding receivable of \$683,275 for the fiscal year 2006. Fiscal year 2006 ended with an average monthly collection rate of 69%. At December 31, 2005, the emergency medical service net of an allowance was \$154,450. Therefore, there was an increase in 2006 of \$249,465 or 162%. December 2005 ended with an average monthly collection rate of 61%. Therefore, collections were up by 8% which we attribute to the increased efficiency of the new billing system.

Due to the complexity of recovering EMS fees, there is a delay in receiving payments. For example, as of December 31, 2006 the Fire District 4 had a 69.17% average monthly collection rate for fiscal year 2003. As of December 31, 2006, the Fire District had a 68.04% average collection rate for fiscal year 2004. As of December 31, 2006, the Fire District had a 67.92% average collection rate for fiscal year 2005. As of December 31, 2006, the Fire District had a 48.86% average collection rate for fiscal year 2006. As projected there is a slight increase in the collections over 2005 due to Hurricane Katrina and the related disruption in mail services during the last four months of 2005. At the September 19, 2006 board meeting the board of commissioners increased our service fees by approximately 25% for emergency and non-emergency services and mileage. The rate basic level transport rate increased from \$335.80 to \$402.96. The ALS rate transport rate increased from \$456.95 to \$571.19 and the mileage rate increased from \$5.71 to \$7.14. Due to the increase in service fees and no increase in Medicaid and Medicare reimbursement rates we anticipate a decrease in the collection rate for 2006 at the end of fiscal year 2007 compared to previous years. Long term we anticipate an increase in the collection rate as Medicaid and Medicare rates increase.

There were two ad valorem tax millages authorized for the year ending December 31, 2004. One tax millage was reduced from 25 mills adjusted to 22.87 mills and an additional 2.0 mills adjusted to 1.63 mills as per Board of Commissioners of STFD#4 resolution of September 13, 2004 that affected the 2005 fiscal year revenues. This was a change from 2004 to 2005 fiscal years. On August 8, 2005 the Board of Commissioners of STFD#4 voted to increase the 2005 millage rate back to the full 25.0 and 2.0 mills for fiscal year 2006 in accordance with state law. On August 29, 2006 the Board of Commissioners of STFD#4 voted to continue to levy the full 25.0 and 2.0 mills for fiscal year 2007 in accordance with state law.

At December 31, 2006, employees of the District have accumulated and vested \$455,067 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. At December 31, 2005, employees of the District have accumulated and vested \$379,301 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Therefore, there was an increase of \$75,766 or 20%. We believe that this was influenced greatly by a hiring freeze and maintaining the minimum personnel on duty to provide fire, rescue and EMS services at all times. We believe that this number will decrease in 2007 as the department hires additional personnel.

For the year ended December 31, 2006, \$242,173 in depreciation expense was allocated to fire protection activities and \$62,058 to emergency medical service activities. For the year ended December 31, 2005, \$223,661 in depreciation expense was allocated to fire protection activities and \$56,960 to emergency medical service activities. Therefore, there was a \$18,512 increase in depreciation allocated to fire protection activities and increase of \$5,098 in depreciation expense allocated to emergency medical service activities. We were very conservative with respect to capital asset purchases for the year 2006.

Substantially 94.7% of the employees of the St. Tammany Fire Protection District No. 4 are members of the Louisiana Firefighters Retirement System. In addition to certain dedicated taxes that are remitted to the System, covered employees are required by state statute to contribute 8% of their covered annual salary and the District is to contribute at an actuarially determined rate. On July, 2 2004 the Fire District received notification from the Firefighters Retirement Board the employer's contribution would continue at 21% but could increase to 24% retroactively to July 1, 2004 depending on a Louisiana Supreme Court ruling. The Fire District continued to pay 21% until March 2005 when the Fire District was notified the Louisiana Supreme Court ruled in favor of the retirement board and the rate went to from 21% to 24% retroactive to July 1, 2004. The Fire District began paying the 24% employer's contribution in March and remitted the retroactive difference (3%) from to July 1, 2004 to March 2005 of \$54,015 to the retirement board. The Fire District was notified by the retirement board in August the employer's contribution had changed from an estimated 22 1/4% to 18% for their 2005-2006 fiscal year that began July 1, 2005 and be retroactive to July 1, 2005. The Fire District then began and continued paying 18% of the employer's contribution to December 31, 2005. The Fire District was notified by the retirement board in June of 2006 the employer's contribution was changed from an estimated 18% to 15.5% for their 2006-2007 fiscal year that began July 1, 2006. The Fire District then began and continued paying 15.5% of the employer's contribution to December 31, 2006. Due to last notice from the retirement board, the Fire District has budgeted 15% for the 2006 fiscal year.

The District was a defendant in two medical malpractice suits filed during performance of emergency medical transport services during 2005. They were resolved by December 31, 2006 and any losses were covered by insurance. The district is not aware of any other pending medical malpractice suits as of December 31, 2006. The District has continued to be and is currently in litigation with a former employee over wrongful termination in which the district consistently denies.

The District continued to comply with a 2005 legal settlement alleging miscalculation of overtime and longevity pay.

During 2003, the District was awarded a grant from the Federal Emergency Management Agency (Assistance to Firefighters Grant) in the amount of \$72,000 to purchase vehicle exhaust removal systems in order to comply with (NIOSH, #50 regulations) and (NFPA 1500) guidelines and purchased in fiscal year 2004. The Federal funding was 90% or \$72,000 and the District provided 10% or \$8,567.

During 2004, the District was awarded a grant from the Federal Emergency Management Agency (Assistance to Firefighters Grant) for equipment that was purchased in 2005. This funding has enabled the Fire District to purchase 2 RIT kits, 2 Two Rescue Aire II portable Air-Supply Systems for Rapid Intervention Teams, 1 Bullard T3 MAX Thermal Imaging Camera for search-and-rescue and salvage/post-fire overhaul assignments especially in low or no-visibility environments and 32 self-contained ultra-light breathing apparatus with integrated pass devices. The total amount of purchase per grant request was \$123,770. Matching funds for the \$111,393 grant was utilized from Ad Valorem taxes of \$12,377. Additional Ad Valorem taxes of \$11,000 were used to purchase 50 additional SCBA face pieces and Thermal Imaging Camera accessories. The final total cost this project was \$136,960. The total cost for the fire district to fully complete this project was \$25,567. This equipment has assisted the department to be in compliance with the current NFPA 1500 and NFPA 1981 standards and was purchased in fiscal year 2005.

During 2005, the District was awarded a grant from LHAEMS in the amount \$13,700 to purchase medical equipment and supplies for mass casualty incidents. During 2004, the District was awarded a grant from LHAEMS in the amount \$14,636 to purchase medical equipment and supplies for mass casualty incidents.

During 2006, the District actively sought out various grants but was awarded a \$1,762 in miscellaneous grants. Therefore, in 2006 we experienced a decrease in total grant income as compared to previous years.

The 2006 capital budget of \$ 159,800 was increased by \$735,169 to predominately fund \$679,512 toward the purchase additional land and improvements to the training facility. Out of the \$55,657 additional capital expenses, the District expended \$22,621 for an emergency generator and additional concrete repairs to the driveway at the Walter Smith Memorial Fire Station located on Highway 22 an \$18,742 for firefighter protective clothing, \$14,993 for communications and other equipment. The expenditures for the generator and communications equipment were in response to assist in correcting operational deficiencies realized during Hurricane Katrina.

Within the past five years fire district has been experiencing increases in salaries and related costs of health insurance, workers compensation, other benefits predominately for compliance of a 2005 legal settlement and other legal expenses. The increase cost for fuel, fire apparatus maintenance and equipment due to the increased incident call volume and age of the apparatus and equipment has also had a major impact in operational expenses.

During the year ended December 31, 2006, the full time employees received additional pay in the amount of \$303,800 from the State of Louisiana in the form of State Firefighter Supplemental pay. These intergovernmental funds are not reflected in the financial statements of the District for the year ended December 31, 2006. In comparison, for 2005 this figure was \$308,140.

Total District revenues were originally budgeted at \$7,264,997 and subsequently amended to \$9,716,450. This variance was due predominantly to post Katrina budget revenue estimations that anticipated a reduction of ad valorem revenue due to property damage from flood and wind damage from the hurricane. Early estimates from the assessor's office also estimated a reduction in ad valorem revenue in the property tax rolls. Due to the actual physical damage of properties within the fire district and early estimates of possible reduced ad valorem revenue the fire district budgeted 25% less revenue than the revised budget and the actual revenue for 2006 was \$9,661,874. These variances are due predominantly to adjustments in the property tax rolls, an increase in EMS transports, FEMA reimbursements for storm related expenses and a grant. Actual revenue includes FEMA reimbursements for storm related expenditures totaling \$681,015. The total operating expenditures were originally budgeted at \$ 6,749,883 and subsequently amended to \$6,992,773. The actual operating expenses for 2006 were \$7,098,410. These variances were due predominantly to an increase in unanticipated overtime, overtime related taxes and worker compensation, increase in health insurance cost, increase in the cost to repair buildings damaged by the hurricane. The overtime was influenced greatly by a hiring freeze in the first half of 2006 and maintaining the minimum personnel on duty to provide fire, rescue and EMS services at all times. For 2007 the effect was anticipated and budgeted using the current data available at the time of approving the 2007 budget.

Due to unanticipated hurricane expenses, time delay in receiving FEMA reimbursements and a delay in receipt of Advalorm revenue the Fire District secured a Community Disaster Loan in the amount of \$1,587,794 as approved by the state bond commission in 2005. A requirement of the loan specifies the funds can only be used for operating expenses. The fire district received funds from the Community Disaster Loan (CDL) in March of 2006. The Fire District placed the loan proceeds in a separate account that was used for the operation expense of salaries in compliance of the CDL requirement. The fire district has also budgeted \$367,000 per year for 5 years to be placed in a fund that will retire the loan including interest.

The Fire District continues to closely monitor the use of its funds by both the District and each individual fire station to ensure that the funds are spent wisely. The current administration is continuously monitoring expense controls that were implemented in previous years. The Fire District implemented a new purchase order system in 2005 that has improved our spending controls. We are very proud of the progress that has been made throughout the parish in providing quality fire protection to all citizens.

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for money it receives. If you have any questions about this report or need additional financial information, contact Chief Merrick Tassin, St. Tammany Fire District No. 4, 709 Gerard St., Mandeville, La. 70448.

ST TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

ASSETS

Current assets

Cash and cash equivalents	\$ 3,929,641
Receivables, net	8,837,838
Prepaid insurance	81,442
Deposits	83
	<u>12,849,004</u>

Non-current assets

Capital assets - net of accumulated depreciation	<u>3,435,396</u>
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Total Assets **16,284,400**

LIABILITIES

Current liabilities

Accounts payable	146,368
Salary benefits payable	535,273
Compensated absences - current	256,225
Capital lease - current	5,237
	<u>943,103</u>

Non-current liabilities

Compensated absences - non-current	198,842
Revenue anticipation note payable - non-current	<u>1,621,729</u>
	1,820,571

Total Liabilities **2,763,674**

NET ASSETS

Invested in capital assets, net of related debt	3,430,159
Unrestricted assets	<u>10,090,567</u>

Total Net Assets **\$ 13,520,726**

The accompanying notes are an integral part of this statement.

ST TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	PROGRAM REVENUES			NET (EXPENSES)/ REVENUE
	EXPENSES	CHARGES FOR SERVICES	CAPITAL/ OPERATING GRANTS	
EXPENSES				
Public safety - fire protection:	\$ 5,663,165	\$ -	\$ 52,881	\$ (5,610,284)
Emergency medical services:	1,815,968	608,694	-	(1,207,274)
Total governmental activities	\$ 7,479,133	\$ 608,694	\$ 52,881	(6,817,558)
GENERAL REVENUES				
Ad valorem taxes				8,278,018
Intergovernmental revenues:				
State revenue sharing				262,589
Fire insurance tax				146,636
Interest income				262,733
Other				50,323
Total general revenues				9,000,299
Changes in net assets				2,182,741
Net assets - beginning of year				11,337,985
Net assets - end of year				<u>\$ 13,520,726</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2006

ASSETS

Cash and cash equivalents	\$ 3,929,641
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$433,106	8,266,172
Emergency medical service, net of allowance for uncollectible fees of \$403,915	279,360
State revenue sharing	234,425
Grants and other	57,881
Prepaid expenditures	81,442
Deposits	<u>83</u>
TOTAL ASSETS	<u>\$ 12,849,004</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 146,368
Accrued payroll and benefits	<u>535,273</u>
 Total liabilities	 681,641
 Fund balance	
Designated	100,000
Undesignated	<u>12,067,363</u>
 Total fund balance	 <u>12,167,363</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,849,004</u>

The accompanying notes are an integral part of this statement.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

Fund balances - total governmental funds		\$ 12,167,363
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental capital assets	\$ 6,350,375	
Less accumulated depreciation	<u>2,914,979</u>	3,435,396
Long term liabilities are not due and payable in the current period therefore they are not reported in the funds. Long term liabilities consist of the following:		
Community disaster loan		(1,621,729)
Compensated absences		(455,067)
Capital lease obligations		<u>(5,237)</u>
Net assets of governmental activities		<u><u>\$ 13,520,726</u></u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUES

Ad valorem taxes	\$ 8,278,018
State revenue sharing	262,589
2% fire insurance tax	146,636
Emergency medical service	608,694
Interest income	262,733
Grant income	52,881
Other income	50,323

Total revenues	9,661,874
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EXPENDITURES

Bad debt expense	24,861
Contracted services	145,631
Dues, subscriptions and licenses	10,343
Fire prevention education and training	45,626
Fuel and oil	65,617
Insurance	1,161,356
Interest expense	75,832
Legal and professional	26,601
Medical supplies and fees	70,806
Office	29,787
Other	3,251
Occupancy	66,024
Personnel services and benefits	5,094,765
Repairs and maintenance	216,985
Station supplies	52,362
Travel and meals	8,562
Capital outlay	825,985
Capital lease principal	4,819
Capital lease interest	727

Total expenditures	7,929,940
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Excess (deficiency) of revenues over expenditures	1,731,934
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Other financing sources:

Community Disaster Loan proceeds	1,621,729
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Fund balance-beginning of year	8,813,700
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	\$ 12,167,363
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The accompanying notes are an integral part of this statement.

**ST TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Net changes in fund balance - Total governmental fund \$ 3,353,663

Amounts reported for governmental activities in the statement
of net assets are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount of capital expenditures over depreciation 521,754

Governmental funds report compensated absences as expenditures when the amount is paid. In the statement of activities, the net accretion/decretion is reported as an expense (75,766)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (1,621,729)

Governmental funds report a capital lease obligation as a financing source in governmental funds and thus contribute to the change in fund balances. Repayment of this obligation is reported as an expenditure in the governmental funds. The obligation is reported as an increase in long-term liabilities in the statement of net assets and the repayments are a reduction of the liabilities in the statement of net assets. This is the net decrease of the capital lease obligation. 4,819

Changes in net assets of governmental activities \$ 2,182,741

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation and Operations

The St. Tammany Parish Fire Protection District No. 4 is a component unit of St. Tammany Parish created by ordinance of the St. Tammany Parish Council on January 16, 1958. The Fire District is administered by a board of commissioners of five members. Two members are appointed by the St. Tammany Parish and two members are appointed by the City of Mandeville. These four members select the fifth member who serves as the chairman. Each commissioner is entitled to receive a per diem payment of \$100 for each board meeting attended. The Fire District provides fire protection and emergency medical services for the entire fourth ward of St. Tammany Parish which has a population of 48,000. The St. Tammany Parish Fire Protection District No. 4 maintains and operates four fire protection facilities, a training center and employs approximately 100 employees.

Fire protection districts are created for the purpose of acquiring, maintaining, and operating facilities, machinery, equipment, water tanks, water hydrants, water lines, and other things necessary to provide proper fire protection and control of the property within the District.

Reporting Entity

As the governing authority of the Parish, for reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of St. Tammany Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- a) Appointing a voting majority of an organization's governing body, and the ability of the Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burden on the organization.
- b) Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council.
- c) Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

The St. Tammany Parish Fire Protection District No. 4 was determined to be a component unit of St. Tammany Parish, the reporting entity, because the reporting entity's financials statements would be misleading if data of the St. Tammany Parish Fire Protection District No. 4 was not included due to the significance of the relationship and scope of public services. The accompanying financial statements present information only on the funds maintained by the St. Tammany Parish Fire Protection District No. 4 and do not present information on the Parish, the general government services provided by the Parish, or other governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Fire Protection District No. 4 have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

Government-Wide Statements

The statement of net assets and the statement of activity display information about the District. The District's activities are financed through taxes, intergovernmental revenues, and other non exchange transactions. The governmental-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and are recorded in the year assessed. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and building are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded at net of depreciable assets in the statement of net assets.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the District. Program revenues consist of charges for services which are revenue from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for emergency medical services. Program revenues also consist of operating grants and contributions which are resources restricted for operating purposes of a program. These include grants and contributions with restriction that permit the resources to be used for a program's operating of capital needs at the recipient government's discretion.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

The financial statements of St. Tammany Parish Fire Protection District No. 4 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting

The District uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity using the modified accrual method to report revenues and expenditures.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, and the renovation a fire station. The only fund in 2005 for the District was the General Fund which is the operating fund. The General Fund accounted for all of the financial resources including renovation of a fire station.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt and compensated absences are recorded as fund liabilities when due. *Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.* General capital asset acquisitions are reported as expenditures when incurred.

Those revenues of the District susceptible to accrual are ad valorem taxes, insurance taxes, state revenue sharing, emergency medical services and interest. Substantially all other revenues are recorded when received.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund. The budget is adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end. Unexpended appropriations and any excess revenues over expenditures are carried forward to subsequent year as beginning fund balance.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits and money market accounts. It is the policy of the District to treat highly liquid investments with a maturity of ninety (90) days or less as cash equivalents. Investments are stated at cost.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Prepaid Expenses

Prepaid expenses represent the unused portion of insurance and equipment maintenance policies in effect at the balance sheet date.

Fixed Asset

Fixed assets are recorded as expenditures at the time of purchase and the related assets are capitalized. All purchased fixed assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets over \$500 are capitalized.

Depreciation is computed using the straight-line method over the following estimated lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Leasehold improvements	40 years
Furniture and fixtures	5 years
Firefighting equipment	10 years
Transportation equipment (Fire truck, ambulance)	15 years
Medical equipment	5 years

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of the District's financial statements, in conformity accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenditures during the reporting period. Adjustments to the reported amounts of assets and liabilities and revenues and expenditures may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in 2006 financial statements.

Ad Valorem Taxes

Ad valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes. Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

Emergency Medical Services

In 1994, the District started providing emergency medical transportation to the residents of the Fourth Ward of St. Tammany Parish. Residents who use the medical transportation service are charged a fee ranging from \$403 to \$571 based type of medical care. Mileage is billed at \$7.14 per mile.

Compensated Absences

The District has the following policies relating to annual and sick leave:

Annual leave – Annual leave accrues at the rate of 7.76 hours for employees hired prior to June 9, 1986 and at the rate of 7.34 hours for employees hired after June 9, 1986 per pay period for two weeks of service performed by employees on a 56 hour work week and 12.0 hours for each month of service performed by employees on a 40 hour work week. After 10 years of service, annual leave accrues at the rate of 8.18 hours per pay period for each two weeks of service performed by employees on a 56 hour work week. Annual leave not taken during a year can be accumulated. Accumulation of annual leave is limited to 450 hours per employee on December 31st of each calendar year. Effective December 2006 the Board of Commissioners amended the sick leave policy. As of December 2006, the maximum accumulation of total leave balance of each year shall be evaluated on an annual basis by the Board of Commissioners. The Board of Commissioners will have the authority to reduce or increase the total accumulated annual leave hours allowed on an annual basis.

Sick leave – Employees of the District are entitled to full pay during sickness or incapacity, not brought about by their own negligence for a period of not more than 52 weeks. Sick leave cannot be accumulated.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditure in the General Fund when the leave is actually taken. The total cost of leave privileges is recorded in the Statement of Net Assets.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Fund Equity

Designated fund balances consist of the following activity as of December 31, 2006:

Balance 01/01/2006	\$ 100,000
Increases per Board	-
Decreases per Board	-
Balance 12/31/2006	<u>\$ 100,000</u>

Designated Fund Balances are for the following:

Emergency Fund	<u>\$ 100,000</u>
----------------	-------------------

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

The budgetary process is prescribed by Louisiana Revised Statutes 39:1304 and 39:1305. The budget is prepared by management and is presented to the Board of Commissioners. A public hearing is held to address priorities and the allocation of resources. The District approves the budget in December before the start of the next fiscal year. Periodically, individual items of budgeted revenues and expenditures are compared to actual amounts and revision is approved is necessary. The 2006 Budget was amended. For the year ended December 31, 2006 actual revenues exceeded budgeted revenues and expenditures were not over by greater than 5%. Expenditures may not exceed available funds.

NOTE C – CASH AND CASH EQUIVALENTS

At December 31, 2006 the District has cash and cash equivalents totaling \$3,929,641 as follows:

Cash on hand	\$ 150
Interest bearing demand deposits	3,929,491
Total	<u>\$3,929,641</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE C – CASH AND CASH EQUIVALENTS - Continued

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, the district had \$4,191,712 in deposits (collected bank balances) with one Southeast Louisiana banking institution. These deposits are secured from risk by \$100,000 of federal deposit insurance and \$7,605,119 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The District has no custodial credit risk policy.

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

NOTE D – RECEIVABLES

Receivables at December 31, 2006, were comprised of the following:

Ad valorem taxes	\$8,266,172
State revenue sharing	234,425
Emergency medical service	279,360
Grants	57,881
	<u>\$8,837,838</u>

The receivable for Ad valorem taxes is net of an allowance at December 31, 2006 of \$433,106. The allowance is set up at 5% of the total Ad valorem tax allocated to the St. Tammany Parish Fire Protection District No. 4 and is expected to be collected.

The emergency medical service is net of an allowance at December 31, 2006 of \$403,915. The allowance has been setup at 59% of the outstanding receivable balance at December 31, 2006.

NOTE E – AD VALOREM TAXES

There were two ad valorem tax millages authorized and levied for the year ended December 31, 2006. One tax millage was 25 and there was an additional 2 tax millage.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE F – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2006:

	Beginning Balance	Additions	Deletions	Ending Balance
Cost				
Land	\$ 72,950	\$580,610	\$ -	\$ 653,560
Buildings	2,271,392	95,730	-	2,367,122
Equipment	1,011,316	82,844	-	1,094,160
Furniture and fixtures	150,753	5,314	-	156,067
Transportation equipment	1,784,883	44,175	-	1,829,058
Medical equipment	233,096	17,312	-	250,408
	<u>5,524,390</u>	<u>825,985</u>	<u>-</u>	<u>6,358,575</u>
Accumulated Depreciation				
Buildings	\$ 614,779	\$ 57,916	\$ -	\$ 672,695
Equipment	586,785	97,205	-	683,990
Furniture and fixtures	124,053	10,388	-	134,441
Transportation equipment	1,129,599	107,403	-	1,237,002
Medical equipment	155,532	31,319	-	186,851
	<u>2,610,748</u>	<u>304,231</u>	<u>-</u>	<u>2,914,979</u>
Net Capital Assets	<u>\$ 2,913,642</u>			<u>\$ 3,457,336</u>

For the year ended December 31, 2006, \$242,173 in depreciation expense was allocated to fire protection activities and \$62,058 to emergency medical service activities.

NOTE G - 2% FIRE INSURANCE TAX

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that it serves. In accordance with the revised statutes, such funds shall be used only for the purpose of "rendering more efficient and efficacious" fire protection as the District shall direct.

NOTE H – PENSION PLAN

Substantially all employees of the St. Tammany Parish Fire Protection District No. 4 are members of the Louisiana Firefighters Retirement System (System), a multiple-employer (cost-sharing), public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of fire districts and their staff, which is administered and controlled by a separate board of trustees. Contributions of participating fire districts are pooled with the System to fund accrued benefits, with employer/employee contribution rates approved by the Louisiana Legislature.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE H – PENSION PLAN - Continued

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

In addition to certain dedicated taxes that are remitted to the System, (which constitute major funding of the System), covered employees are required by state statute to contribute 8.00% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The rates during the year ended December 31, 2005 ranged from 15.5% to 18%. The contributions for the years ended December 31, 2006, 2005, and 2004 were \$599,360, \$649,996, and \$700,746, respectively. The District's total payroll as of December 31, 2006 was \$4,063,350 and covered payroll totaled \$3,481,950.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925- 4060.

NOTE I – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all employees permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The District has no liability for losses under the Plan and does not guaranty any of the benefits under the plan.

NOTE J – LITIGATIONS AND CLAIMS

The District is currently named as defendant in several lawsuits that arose during the normal course of its operations. The District intends to vigorously defend itself against these claims. An outcome or any estimate of loss cannot reasonably be determined at this time.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE K – GRANTS

During 2006, the District was awarded a grant Fireman's Fund Katrina Relief Grant in the amount of \$52,881 to purchase firefighting equipment.

NOTE L – SUPPLEMENTAL SALARIES

During the year ended December 31, 2006, the full time employees received additional pay in the amount of \$303,800 from the State of Louisiana. These intergovernmental funds are not reflected in the financial statements of the District for the year ended December 31, 2006.

NOTE M – CAPITAL LEASES

In October 2004, the District entered into a capital lease for the acquisition of an EMS billing system in the amount of \$14,490. Accumulated amortization as of December 31, 2006 is \$10,868 on this software. The monthly lease payment is \$456 which includes principle and interest at 8.3%, and expires in October 2007. This lease agreement qualifies as a capital lease for accounting purposes and therefore, the asset and debt has been recorded in the statement of net assets. Interest paid for the year ended December 31, 2006 was \$659.

The following is a summary of future annual lease payments:

Year Ending	Principle	Interest	Total
2007	5,237	240	5,477
	<u>\$5,237</u>	<u>\$240</u>	<u>\$5,477</u>

NOTE N – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations:

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due within one year
Compensated absences	\$379,301	\$ 331,990	\$256,225	\$455,066	\$256,225
Capital lease	10,056	-	4,819	5,237	5,237
Revenue anticipation notes	-	1,621,729	-	1,621,729	-
	<u>\$389,357</u>	<u>\$1,536,629</u>	<u>\$261,044</u>	<u>\$2,082,032</u>	<u>\$261,462</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

NOTE O – REVENUE ANTICIPATION NOTES

On November 17, 2005, the State Bond Commission granted the District approval to issue \$1,587,794 in Revenue Anticipation Notes under the Special Community Disaster Loan Program administered by the Department of Homeland Security. The program allows for loans to be awarded up to 25% of the District's annual operating budget to be utilized for local governmental operations after a major disaster or to expand operations to meet disaster-related needs. Principal and interest of 2.69% per annum is due on December 19, 2010. The balance of the loan as of December 31, 2006, including accrued interest of \$33,935, was \$1,621,729.

NOTE P – SUBSEQUENT EVENTS

In April 2007, the Board approved the lease-purchase of two new pieces of fire apparatus with a total purchase price of \$659,112. The lease is payable in 3 equal annual installments of \$237,363 on May 31, 2008, 2009, and 2010.

SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 5,450,845	\$ 7,557,682	\$ 8,278,018	\$ 720,336
State revenue sharing	143,652	240,502	262,589	22,087
2% fire insurance tax	130,000	146,636	146,636	-
Emergency medical service	750,000	533,400	608,694	75,294
Interest income	57,000	227,700	262,733	35,033
Grant income	-	1,762	52,881	51,119
Other income	699,619	(23,408)	50,323	73,731
Total revenues	7,231,116	8,684,274	9,661,874	977,600
EXPENDITURES				
Bad debt expense	5,000	12,743	24,861	(12,118)
Contracted services	149,332	146,822	145,631	1,191
Dues, subscriptions and licenses	12,500	10,830	10,343	487
Fire prevention education and training	28,400	55,227	45,626	9,601
Fuel and oil	62,400	62,869	65,617	(2,748)
Insurance	1,042,941	1,177,485	1,161,356	16,129
Interest expense	-	77,248	75,832	1,416
Legal and professional	260,000	71,058	26,601	44,457
Medical supplies and fees	78,400	73,371	70,806	2,565
Office	30,100	34,172	29,787	4,385
Other	1,600	1,782	3,251	(1,469)
Occupancy	62,400	68,719	66,024	2,695
Personnel services and benefits	4,743,307	4,896,705	5,094,765	(198,060)
Repairs and maintenance	221,200	253,265	216,985	36,280
Station supplies	34,500	42,282	52,362	(10,080)
Travel and meals	6,000	8,198	8,562	(364)
Capital outlay	159,800	894,969	825,985	68,984
Capital lease principal	-	-	4,819	(4,819)
Capital lease interest	-	-	727	(727)
Total expenditures	6,897,880	7,887,745	7,929,940	(42,193)
Excess of revenues over expenditures	333,236	796,529	1,731,934	935,406
Other financing sources:				
Community Disaster Loan proceeds	-	1,587,794	1,621,729	33,935
Fund balance-beginning of year	8,813,700	8,813,700	8,813,700	-
	<u>\$ 9,146,936</u>	<u>\$ 9,610,229</u>	<u>\$ 12,167,363</u>	<u>\$ -</u>

See independent auditors' report

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4

SUPPLEMENTAL INFORMATION SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2006

COMPENSATION PAID TO BOARD OF COMMISSIONERS

The schedule of compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Payment per diem is made in accordance with Louisiana Revised Statute 40:1498 which authorizes per diem payments of \$30 per board meeting attended through August 14, 2001. Effective August 15, 2001, the authorized per diem payment was increased to \$100 per board meeting and \$50 per committee meeting. The maximum number of committee meeting per month allowed is 2.

<u>Name</u>	<u>Amount</u>
William Dobson	\$1,400
Thomas Druen	1,700
C. T. Williams, Jr.	1,550
David Walker	900
Marie Taylor	1,600
	<hr/>
Total	<u>\$ 7,150</u>

OTHER INDEPENDENT AUDITORS' REPORTS

SILVA & ASSOCIATES, LLC

Certified Public Accountants

Craig A. Silva, CPA
Brent A. Silva, CPA
Tom A. Gurtner, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 4
Covington, Louisiana

We have audited the financial statements of the St. Tammany Parish Fire Protection District No. 4 as of and for the year ended December 31, 2006 and have issued our report thereon dated June 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of St. Tammany Parish Fire Protection District No. 4 in a separate letter dated June 15, 2006.

St. Tammany Parish Fire Protection District No. 4's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit St. Tammany Parish Fire Protection District No. 4's response and, accordingly, we express no opinion on it.

This report is intended for the information of the St. Tammany Parish Fire Protection District No. 4's management and the Legislative Auditor of the State of Louisiana, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Board of Commissioners of the St. Tammany Parish Fire Protection District No. 4, is a matter of public record.



June 15, 2007

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
CURRENT YEAR FINDINGS, RECOMMENDATIONS AND CORRECTIVE ACTION PLAN
DECEMBER 31, 2006

<u>Number</u>	<u>Description</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Explanation</u>	<u>Corrective plan of action</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I - Internal Control and Compliance						
We have no findings for the year ended December 31, 2006.						
Section II. Management Letter						
2006-1	There is no systematic method of ensuring that timely and complete monthly reconciliations and closing procedures are being performed by the accounting staff. We noted that the aged accounts receivable ledger, the accounts payable ledger, and the fixed asset listings had not been reconciled to the trial balance in a timely manner following the end of an accounting period.	Partially	Management only has one employee who performs their accounting function and prepares the accounting records.	Management has hired a temporary employee to assist with the payables to free up the accounting staff for account reconciliations.	Merrick Tassin Fire Chief	June 25, 2007

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Corrective Action Taken/Planned</u>
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Section I - Internal Control and Compliance

2005-1	2005	Per Article VII, Section 14 of the 1974 Constitution, LSA-RS 14:138 and AG 79-729, advance wages or salaries should never be paid to employees nor any property or things of value may be loaned, pledged or granted to anyone. Due to the impact of Hurricane Katrina, funds were advanced to employees for a total of \$19,600. As of December 31, 2005, the amount owed to the District is \$11,200.	Yes	Under the new administration, procedures are currently in place to be in compliance with Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138 and AG opinion 79-729.
2005-2	2005	Per RS 40:1498, Board members may be paid a per diem of \$100 per meeting not to exceed two meetings in one calendar month and \$50 for each committee meeting not to exceed two meetings in one month. Due to litigation proceedings, three meetings were held and per diems paid in June 2005 resulting in an overpayment of \$400.	Yes	The District implemented new procedures to include the state regulations regarding maximum payments of per diem per month to the attendance sheets.

Section II. Management Letter

None